

Message Text

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ACTION EB-11

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FM AMEMBASSY LONDON

TO SECSTATE WASHDC 2758

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C O N F I D E N T I A L LONDON 09926

E.O. 11652: XGDS-1

TAGS: ETRN, UK

SUBJECT: CIVAIR: PERMANENT SECRETARY, DEPARTMENT OF
TRADE, ON OVERCAPACITY IN NORTH ATLANTIC

1. DURING COURTESY CALL BY NEW MINCOUNS ECONCOM
AFFAIRS ON PERMANENT SECRETARY FOR TRADE (SIR PETER
THORNTON), AUGUST 2, THORNTON EMPHASIZED BRITISH
GOVERNMENT'S BELIEF THAT OVERCAPACITY IN NORTH ATLANTIC
PASSENGER AIR TRANSPORT IS EXTREMELY SERIOUS PROBLEM
WHICH MUST BE CORRECTED IN NEAR FUTURE.

2. THORNTON REFERRED TO DISCUSSIONS BETWEEN DEPUTY
ASSISTANT SECRETARY WALDMAN AND BRITISH OFFICIALS ON
THIS SUBJECT JULY 31, AUGUST 1, AND THEN SAID THAT
WHEN HE HAD VISITED WASHINGTON (JUNE 12-15), HE HAD
CALLED ON OFFICIALS RESPONSIBLE FOR CIVIL AVIATION
AND HAD BEEN IMPRESSED BY THEIR CONCERN ABOUT OVER-
CAPACITY WHICH PARALLELED HIS OWN. IN PARTICULAR, HE
SAID, HE REMEMBERED SECRETARY BRINEGAR'S EMPHASIS ON
THE NEED FOR A REDUCTION IN CURRENTLY AVAILABLE
CAPACITY AND A CONSEQUENT INCREASE IN LOAD FACTORS
THAT WOULD REDUCE LOSSES AIRLINES WOULD INCUR BY
CONTINUING TO FLY WHAT THORNTON CALLED "EMPTY CINEMAS"
ACROSS THE ATLANTIC. HE SAID THAT HE BELIEVED BRITISH
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AIRWAYS AND BRITISH CALEDONIAN, AND THE BRITISH

GOVERNMENT, AS WELL AS PAN AMERICAN AND TWA, AND THE U.S. GOVERNMENT, HAD A SIMILAR VIEW OF THE PROBLEM. HE SAID THAT HE RECOGNIZED THAT A SOLUTION COULD NOT BE FOUND IN A FEW DAYS, BUT EMPHASIZED THE BRITISH GOVERNMENT'S BELIEF THAT A MUTUALLY SATISFACTORY AGREEMENT MUST BE REACHED BY NOVEMBER THIS YEAR AT THE LATEST. HE NOTED IN PASSING THAT ONCE AGREEMENT HAD BEEN REACHED BETWEEN THE BRITISH AND U.S. GOVERNMENTS AND THEIR CARRIERS, SUITABLE ARRANGEMENTS WOULD HAVE TO BE MADE WITH AIR INDIA WHICH NOW HAS RIGHTS TO CARRY PASSENGERS ON THE LONDON/NEW YORK ROUTE BUT HE THOUGHT THIS WOULD POSE A FEW DIFFICULTIES.

3. IN REPLY WE SAID WE WOULD ENSURE THAT HIS CONCERNS WERE BROUGHT TO THE ATTENTION OF RESPONSIBLE WASHINGTON AGENCIES.

SOHM

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